

MINUTES

Meeting of September 20, 2007
Kenneth Hahn Hall of Administration, Room 372
500 West Temple Street, Los Angeles, CA 90012

Commissioners Present: Barry R. Binder Esq., Bob L. Blake, William K. Callagy, Daniel Falcon, Helene S. Lohr, LUTCF, Scott J. Svonkin, Patricia Torres, Esq., Steve Vicencia, CPCU

Commissioners Absent: Glenn S. Brown J.D., Michael G. Cheung

CALL TO ORDER

Chairman Svonkin called the meeting to order at 10:18 a.m.

(Commissioner Vicencia joined the meeting at 10:20 a.m.)

APPROVAL OF JULY 24, 2007 MEETING MINUTES

(Commissioner Binder joined the meeting at 10:22 a.m.)

On motion of Commissioner Lohr, seconded by Commissioner Binder and unanimously carried, the July 24, 2007 meeting minutes were approved.

CHAIRMAN'S REPORT

Chairman Svonkin reported on the following update:

- Correspondence forwarded to Governor Schwarzenegger regarding the issue of *recision*; and,
- The Governor's Special Session is on healthcare and water infrastructure issues.

In response to Chairman Svonkin, Lee Millen, Senior Staff, reported that AB 1324 has been forwarded to the Governor for signature.

STAFF REPORT

Lee Millen reported the following:

- Sub Committee Meetings:
Currently, no meetings have been scheduled.

Chairman Svonkin encouraged all members to meet at least once annually; this activity could be included in the Commission's Sunset Review.

- Dissemination of information to all insurance companies doing business in Los Angeles County regarding California's adoption of a targeted divestment from Sudan:

Chairman Svonkin recommended specific changes that focus on anything related to divestment; he requested further discussion and review regarding this issue.

The Commission agreed to schedule the next regular meeting on November 27, 2007.

- Commission on Insurance website:
The Commission's website is operational and available;
- Invitation to Insurance Commissioner Steve Poizner:
There has been no response to email, telephone calls, and correspondence; a copy of the most recent invitation letter was provided.

Following discussion, the Commission unanimously agreed to make concerted efforts to contact Commissioner Poizner and secure a personal appearance; Commissioner Binder agreed to draft a final invitation letter to Commissioner Poizner requesting his personal appearance.

Staff was directed to research as to whether a copy of an invitation letter can be released to the media as public record.

- Mandatory Diversity Training and Sexual Harassment Training:
Certification of training by another entity is acceptable; training has not been scheduled as yet; training is required about every 2 years;

Staff was directed to research any options available for this training, i.e., on-line; DVD.

- Board Letter regarding Sacramento visit for research/data gathering:

Following discussion, the Commission agreed to continue efforts in obtaining the funding approval by the Board of Supervisors (\$500 from each District's discretionary fund) for the Commission's Sacramento trip; (at this time Supervisor Antonovich is in support) a copy of the most recent request was provided.

Commissioner Callagy was commended for his efforts in initiating this request.

DISCUSSION ABOUT THE FEDERAL POVERTY LEVEL (\$49,300 FOR A FAMILY OF 3) AND RELATED ISSUES IN ASSOCIATION WITH AB 8

The Commission agreed to continue this item for discussion at a future meeting.

DISCUSSION ABOUT WHAT THE INSURANCE INDUSTRY IS DOING TO GET PROVIDERS IN UNDERSERVED AREAS

Commissioner Lohr introduced the following guest speakers: Luisa Acosta-Franco, Farmer's Insurance; Eddie Martinez, State Farm Insurance; and Nathan Brown, Progressive Insurance.

Luisa Acosta-Franco, Assistant Vice-President for Diversity & Merging Markets, thanked the Commission for the invitation. Ms. Franco gave the Commission a brief overview of her duties and responsibilities and a history of Farmer's Insurance services during the past 80 years; it employs over 15,000 agents nationwide, and its parent company is Zurek Financial Services headquartered in Los Angeles.

Farmers' primary contribution to the underserved areas involves its recruitment process, hiring individuals that reflect the communities and their needs, and that reside within diverse and underserved areas. Charitable contributions include a recent Farmer's sponsored event at the Los Angeles Coliseum where Farmer's honored singer/songwriter Stevie Wonder for his philanthropy, and presented \$7,500 in scholarships to California students that will attend African-American colleges. Additionally, the Farmer's *family* has been involved with the March of Dimes for over 20 years, and recently Farmer's raised \$2.9 million in one day for 2007.

Ms. Franco presented the Commission with a DVD-compilation of African-American *freedom songs*, a motivational DVD presentation that is used at their agencies, and a DVD on 100 years of the Latino image in Hollywood.

In response to Chairman Svonkin, Ms. Franco explained that a second language is very instrumental in serving diverse communities and underserved areas in Los Angeles County, and that new office-locations in these areas have grown significantly; approximately 3,000 agents are Hispanic.

Farmer's Insurance is an active participant at the Los Angeles County Fair introducing Managing Information on Lost Kids (MILK); this program takes digital photos and fingerprints of underage children, and provides parents with a home-inventory kit for their use should their children turn-up missing.

The Commission thanked Ms. Franco for her attendance and informative presentation.

(Ms. Franco was excused from the meeting at 11:16 a.m.)

Nathan Brown, Progressive Insurance, reported that their product structure is carefully designed, a broad distribution is maintained, and that no one is excluded from coverage. Mr. Brown explained that Progressive Insurance is very customer-service oriented, they provide services in a variety of languages and process their claims expeditiously.

Progressive prides itself with marketing available coverage, distribution of all products, and the quality of service provided to all customers.

Progressive has above average penetration in the diverse and underserved areas of Los Angeles County with over 300 agents in the LA Metro area. Additionally, Hispanic and Chinese website information is available. As of 2005, Progressive offices in the underserved areas have increased 10%, applications have grown over 173%, and premium growth is at 50%. Progressive is excited about its forthcoming multi-lingual marketing campaigns, and efforts continue to provide seamless multi-lingual responses to all service-calls by a growing team of 75 multi-lingual service representatives.

In response to Commissioner Binder, Mr. Brown reported that although the majority of Progressive materials are available in a variety of languages, policies are not yet written in foreign languages, however, this is under development.

Following discussion, Mr. Brown explained that to better serve the diverse areas in Los Angeles County, the Commission on Insurance could support the new regulations related to expense variances and cost association of policy coverage premiums, and Progressive's usage-based coverage which could provide a lower cost to the underserved.

The Commission thanked Mr. Brown for his attendance and informative presentation.

Eddie Martinez, State Farm Insurance, reported that his career began in 1985 as a claims adjuster, and he promoted up over the years to his present assignment in Public Affairs. Current responsibilities include marketing and media, and overseeing 5 agency field offices.

In 2006 State Farm donated a total of \$2.6 million to non-profit organizations; charitable contributions are geared towards education, safety, and building stronger communities in the diverse areas of the County. Some of the organizations that State Farm is involved with include Long Beach Unified, Los Angeles Unified, and the Pasadena Police Department.

In January 2007, State Farm extended a 10.1% auto-rate decrease for all policy holders; in March 2007, a \$195 million dividend return to all policy holders; and in April 2007, a 20% decrease for the homeowners' policy rate. State Farm is committed to bringing services and competitive rates to the underserved areas by focusing on recruitment and sales, and websites on these subjects are available. Services in diverse communities are increasing, and active recruitment is ongoing for Hispanic, Asian, and African-American agents to encourage the opening of new offices in diverse communities; a generous salary and other incentives are available.

The Commission thanked Mr. Martinez for his attendance and informative presentation.

Following discussion, the Commission expressed their concerns regarding policies written in foreign languages and their translation for enforcement of services and coverage.

Also, the Commission agreed to agendize a discussion about recruitment statistics in diverse and low income communities, at a future meeting.

Chairman Svonkin suggested the Commission sponsor a job-fair recruitment event geared towards the African-American population.

CONSIDER LEGISLATION FROM STATE'S SPECIAL LEGISLATIVE SESSION

The Commission agreed to agendize this item for discussion at a future meeting.

GUEST INVITATIONS TO SUB-COMMITTEE MEETINGS

The Commission agreed to agendize this item for discussion at a future meeting.

PUBLIC COMMENT

There was none.

MATTERS NOT POSTED ON THE AGENDA

There was none.

ADJOURNMENT

There being no further business and without objection, the meeting was adjourned at 12:03 p.m.

ATTENDANCE

Staff

Lee Millen, Senior Staff, Board of Supervisors
Gabriel Alexander, Staff, Board of Supervisors

Guests

Luisa Acosta-Franco, Farmer's Insurance
Nathan Brown, Progressive Insurance
Eddie Martinez, State Farm Insurance